



# Ex-Im Bank: Partnering in Risk Mitigation

EXPORT-IMPORT BANK  
*of the* UNITED STATES

Jobs Through Exports

## Kazakhstan Trade and Project Finance Seminar

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# Export-Import Bank within US Government



- **State Department**
- gives foreign policy guidance – *U.S. Embassies*



- **Commerce Department**
- provides information, counseling and expertise - *FCS*



- **U.S. Trade & Development Agency**  
provides project planning funding and assistance



- **OPIC**
- provides project finance and investment insurance



- **Export-Import Bank**
- finances exports through various term loan, guarantee and insurance programs



# Ex-Im Bank Introduction

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- Official export credit agency (ECA) of the US Government.
- Mission: Support US exports to promote US jobs.
- Since establishment in 1934: supported more than \$400 billion in US exports.
- In FY 2006: supported 2,600-plus US exports valued at more than \$16 billion.



# Key Elements of Charter and Operations

- Provides financing support for the purchase of US goods and services.
- Assumes credit and country risks the private sector unable or unwilling to accept without support.
- Does not compete with private sector banks.
- Requires reasonable assurance of repayment:
  - Debt service ability
  - Adequate capitalization
- Adheres to terms of the OECD Arrangement
- Member of the Berne Union



# Specifics of Charter

## *Basic Transaction Criteria*



**Minimum US Content**



**Shipped from the US**



**No min or max transaction size**



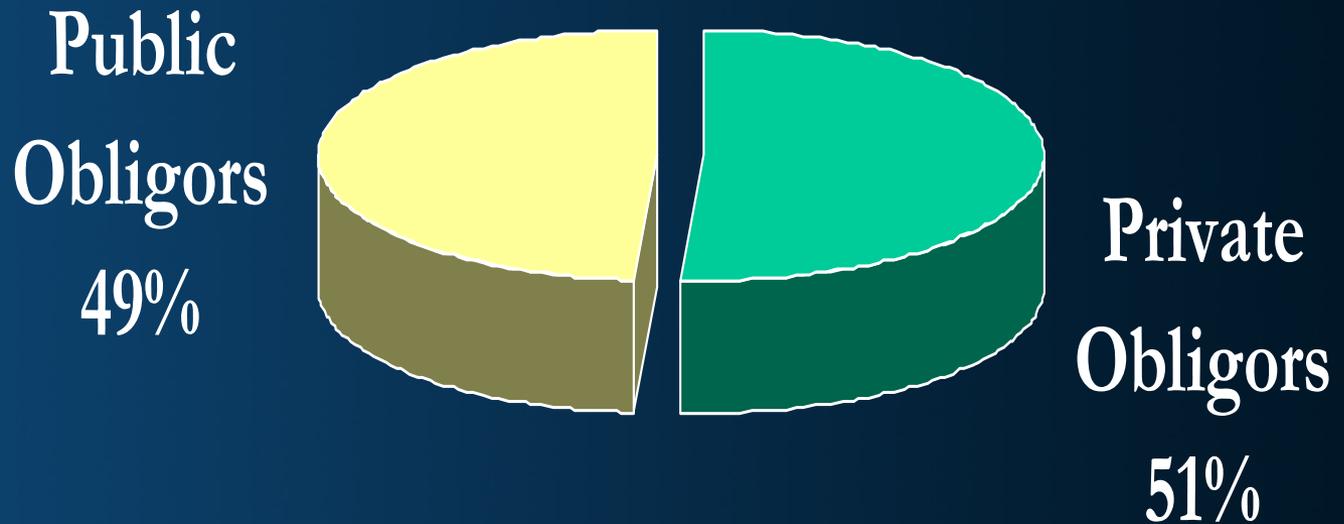
**Limited Exclusions**



# Ex-Im Bank Portfolio (Public vs Private)

## Ex-Im Exposure

as of FYE 2006 = \$57.8 Billion

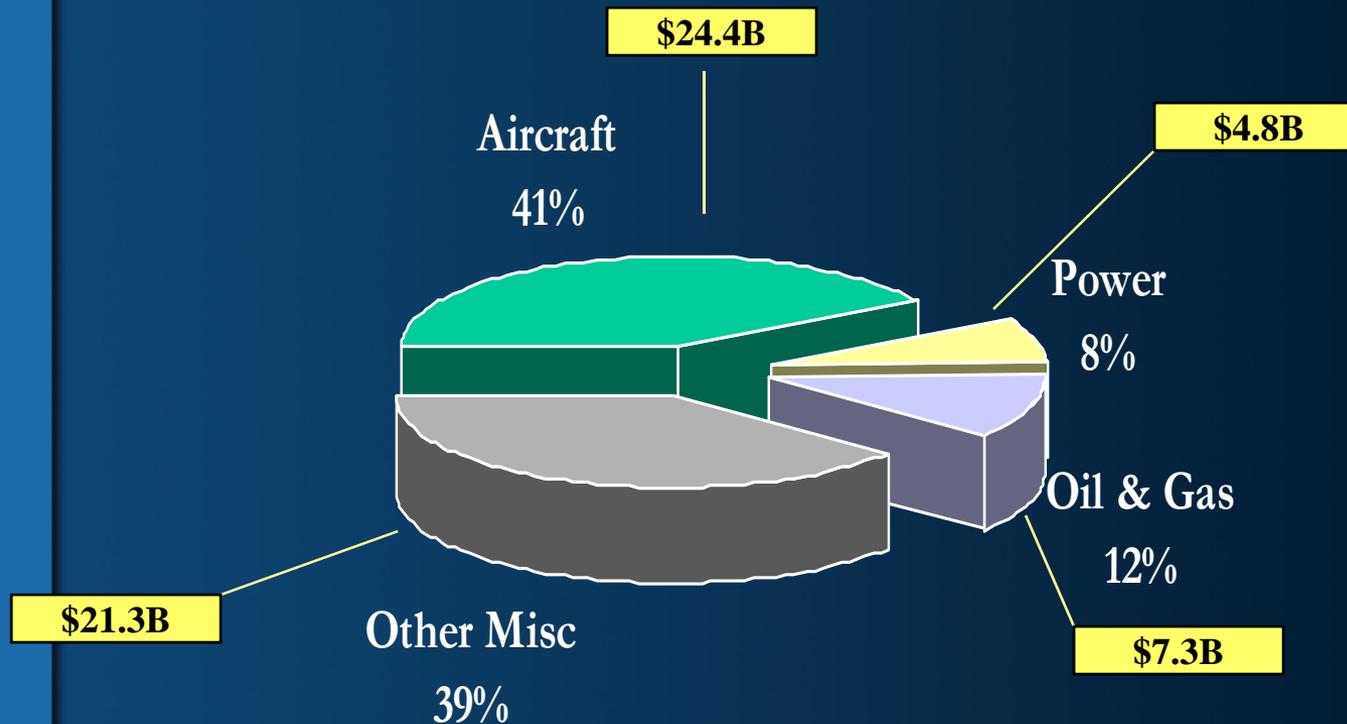


*Ex-Im Bank is increasingly called on  
to cover private sector risk*



# Ex-Im Bank Portfolio (by Industry Sector)

Ex-Im Bank Exposure  
as of FYE 2006 = \$57.8 Billion





# Ex-Im Bank Covers the Complete Spectrum of Export Finance

Pre-Export  
Financing

Post-Export  
Financing



**Working  
Capital  
Guarantee**

**Insurance  
Guarantees  
Direct Loans**



# Solution 1: Pre-Export Financing

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- Small- and medium-size U.S. companies
- A 90% conditional guarantee to lenders for export- related working capital loans
- Loans can be transaction specific or revolving
- No minimum or maximum loan amount



# Solution 2: Short-Term, Accounts Receivable Insurance

## ➤ Coverage Parameters:

- Up to 180 days, exceptionally 1 year
- Commercial and political risks

## ➤ Lender Policies:

- Bank Letter of Credit
- Financial Institution Buyer Credit
- Financial Institution Supplier Credit

## ➤ Exporter Policies:

- Multi-Buyer or Single-Buyer



## Solution 3: Medium-Term Financing

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- Used to finance foreign buyers purchasing U.S. capital equipment:
  - Up to 85% financed, 15% cash down payment
  - Repayment up to 5 years, exceptionally 7 years
  - Amounts of \$10 million or less
  
- Financing can be accomplished through the following Ex-Im products:
  - Lender loan guarantees
  - Export Credit Insurance
  - Direct Loans (few)



## Solution 4: Long-Term Financing

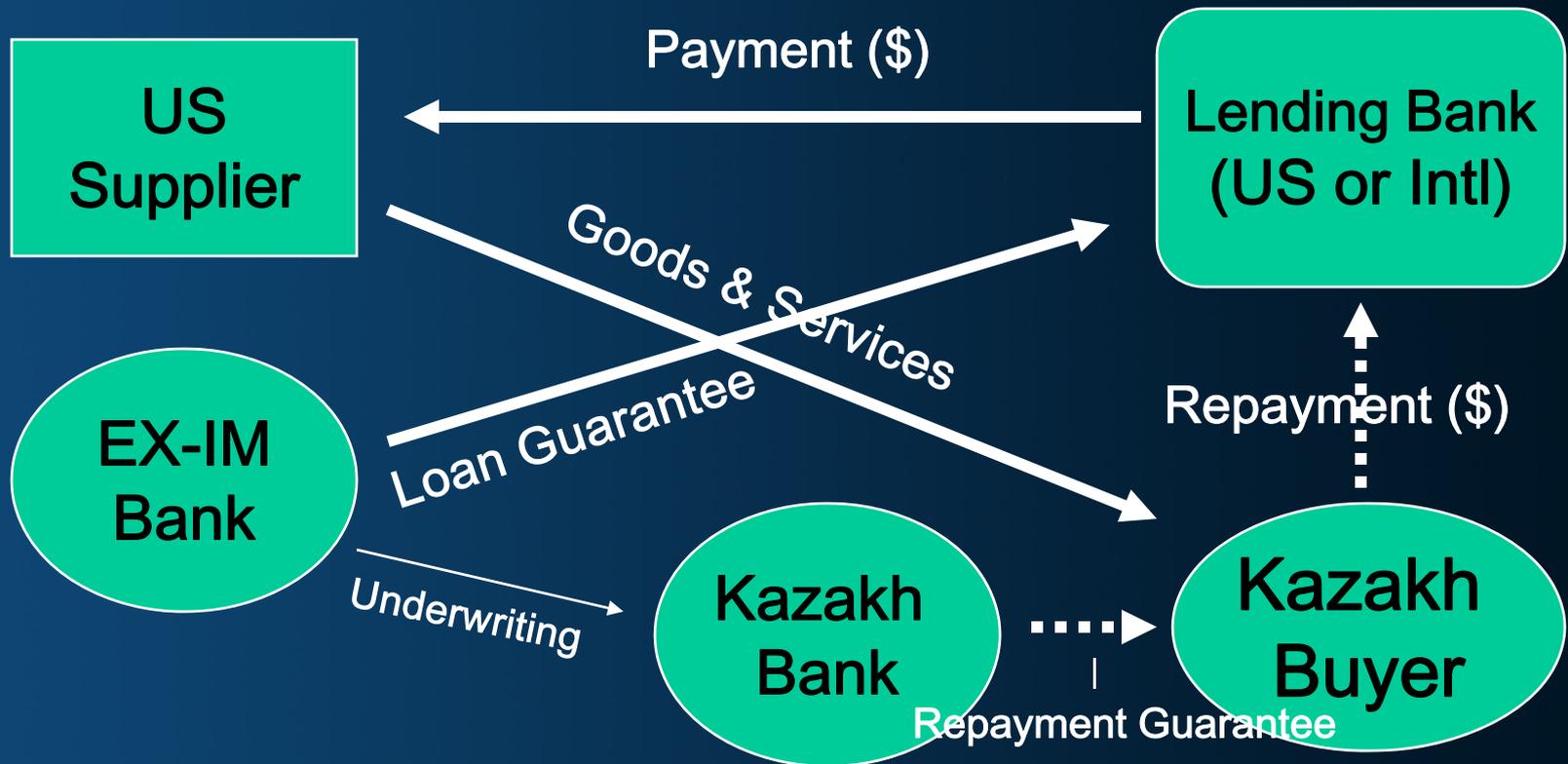
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- Generally used for buyer financing of very large items (aircraft) and project finance:
  - Over 7 year repayment or over \$10 million
  - 15% down payment: 85% financed amount
- Financing can be accomplished through the following Ex-Im Bank products:
  - Lender loan guarantees
  - Direct Loans (few)



# Case Study: Simple Structure

Ex-Im Bank has supported several \$100MM of medium-term capital equipment sales (mainly for agricultural equipment) to Kazakh buyers via this “plain-vanilla” structure





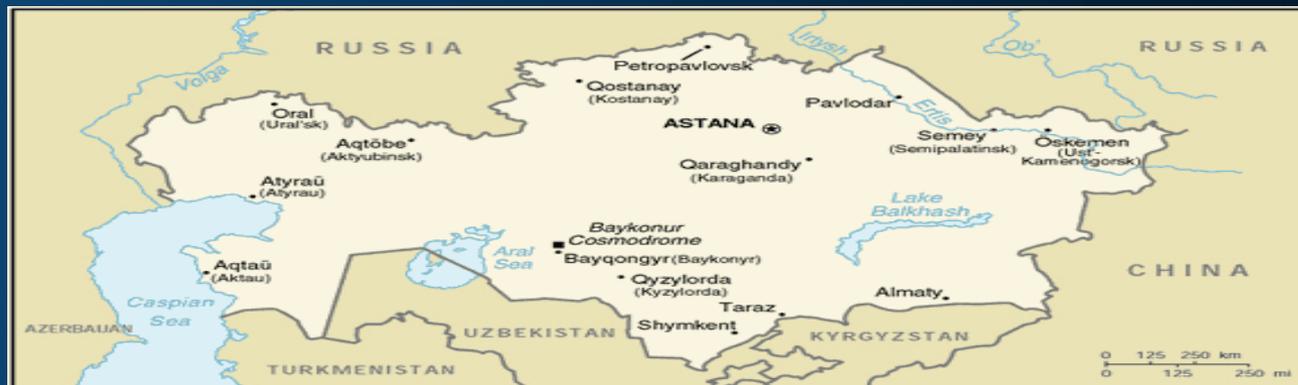
# Case Study: Complex Structure

- **Structured transaction to support repetitive purchases of U.S. heavy equipment, software and other items**
- **Ex-Im Bank signed a Memorandum of Understanding with the a corporate buyer and their distributor in 1998 and entered into a facility agreement in 2001 with the company and JP Morgan Chase to support individual medium-term transactions**
- **Facility structured with a captive off-take arrangement that provided for repayment from proceeds of sales to distributor**
- **Revenues paid into an escrow account**
- **Ex-Im Bank has supported over \$115 million in Loan Guarantees via this structure**



# Market Experience & Outlook Kazakhstan

- Experience dating to 1994
- Exposure of more than \$600 million
- Infrastructure and Agriculture lending
- Excellent repayment experience



*Although currently a relatively small market for US exporters, Kazakhstan represents a significant market opportunity*